CHAPTER THREE

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING REQUIREMENTS
MONITORING AND COMPLIANCE REVIEW

General Instructions to Monitoring Staff:
This review should be conducted "on-site" at the local program office through review of relevant grantee policies and procedures, review of general files, inspection of case files selected at random by the Reviewer as appropriate, and finally, through interviews of key staff. The concerns or findings identified in this on-site review should be noted on the General Project Management and Record-keeping Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

A.   GENERAL INFORMATION   **Date(s) of On-Site Review:**   _____
                                                                                      _____

Grantee/Project Name: _____   Program Year: _____

Grant #: _____   Grant Term: _____

Local Staff Interviewed:
Name: Title: Location: Date of Interview: Telephone #/e-mail:
_____

_____

_____

B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY: *Note: **Please refer to Section D of the General Project Information Summary (Chapter One).** Any General Project Management and Record-Keeping issues that emerged from the completion of the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. The specified issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up   **Related Questions/Citations**   **Grantee Response and/or Resolution**

_____   _____   _____

_____   _____   _____

_____   _____   _____

_____   _____   _____

_____   _____   _____

Additional Instructions to Monitoring Staff:

PROJECT MANAGEMENT

Grantees must have the administrative capacity to ensure that CDBG projects are implemented and completed on schedule and within the approved budget, and that the overall project and its individual activities meet the primary objectives of the Housing and Community Development Act of 1974, as amended, the other CDBG program regulations, and other applicable Federal and State compliance requirements and laws. Grantees can either achieve these capacities through their own staff and administrative structures, or through delegation of some of these functions to subrecipients, with the approval of DHCD.

Monitoring grantee administrative capacity to meet compliance, project performance, and National Objective requirements includes an assessment of the following:

- Overall CDBG management structure;
- Internal procedures and controls;
- Capacity to track projects and activities from the planning stage through applicable major milestones (e.g., release of funds, contract bid and award, etc.) to completion;
- Consistency of the implemented project with the approved Community Development plan (as reflected in the grant application, Grant Agreement, and any amendments);
- Capacity of the grantee (and/or its subrecipients) to ensure compliance with the relevant programmatic and compliance requirements, including those related to citizen participation (see certifications in Exhibit E of the Grant Agreement) .

The grantee's ability to exhibit these capacities, and the Reviewer's ability to assess them, will be dependent on the quality of the documentation and record-keeping system that the grantee (and/or its subrecipient) has in place.

RECORD-KEEPING REQUIREMENTS

24 CFR 570.490 and 24 CFR 570.506 describe the Federal record-keeping requirements in general terms. In addition, Section 9 and Exhibits A and D of the Grant Agreement provide additional guidance to grantees on records to be maintained. At a minimum, the grantee's records must provide a full description of each activity assisted, including its location, the amount of funds budgeted, obligated and expended, and the category of eligible activity(ies) being undertaken (pursuant to Subpart C of 24 CFR 570). The records must also be sufficient to document compliance with all other applicable State and Federal requirements. Grantees may follow their own record-keeping practices as long as these standards are met, and the grantee has the capacity to provide the various reports periodically required by DHCD, particularly those specified in Exhibit D of the Grant Agreement. The CDBG project records must be maintained for a period of three years after the close-out date of the CDBG grant; in the event of litigation, claims, or other unresolved legal or audit issues, however, the three-year period is extended.

IN-HOUSE REVIEW

Prior to going on-site, DHCD staff should review the grantee's approved application, Grant Agreement (and amendments, if any), and progress reports with particular attention to the following:

- Management/project staff structure (including whether grantee has been authorized to use a subrecipient)
- Activities being implemented (and their location)
- Project budget, and obligations, expenditures, and draw downs to date (note: particular attention should be paid to the rate of expenditure of administrative funds relative to program funds)
- Project schedule and progress to date (see Section 7 of the Grant Agreement)
- Anticipated project benefits and results
- Approach to satisfaction of National Objectives (see exhibit A of the Grant Agreement)

Any issues suggested by this in-house review should be flagged for further examination (and ideally resolution) during the on-site portion of the Monitoring Review.

ON-SITE REVIEW

The on-site review of General Project Management and Record-keeping typically will involve the following types of activities:

- Interview grantee's management, program, and administrative staff (and/or those of their subrecipients, as relevant).
- Inspect project sites, both for completed and on-going CDBG activities.
- Conduct a general review of the project records. (Note: More detailed review of certain categories of records will take place in relation to other components of the overall monitoring process, as specified in the other chapters of this Handbook. For example, a detailed examination of financial records will occur as part of the Financial Management and Procurement monitoring components – see Chapters Four and Five.)

DHCD staff must review the grantee's (and/or subrecipient's) files to determine whether adequate documentation is being maintained to show compliance with the applicable Federal and State requirements. In regard to the local record-keeping system, the Reviewer should look for the following:

- The record-keeping system should be divided into categories that logically correspond to the key components and compliance areas of the project (e.g., citizen participation, environment review, documentation of National Objectives, etc.); it should be updated regularly, and maintained in an orderly manner. (Continued on next page)

(Continued from previous page)

- Responsibility for maintaining the CDBG project files may be divided among several individuals. The Reviewer should identify those individuals who have responsibility for maintaining the CDBG files.
- All CDBG files must be secure and safeguarded.
- The records must be easily accessible to appropriate and authorized grantee (or subrecipient) staff, as well as State and Federal officials or their designees (e.g., the files may not be kept in someone's home or automobile).
- The files must contain adequate source documentation.

As part of their review, DHCD staff should document their conclusions concerning projects and activities that are progressing on schedule and those which lag behind or appear to be ineligible or in non-compliance. Projects delayed due to circumstances beyond the grantee's control should be discussed with the grantee and appropriate rescheduling should be agreed upon.

Projects/activities for which little or no progress has been made, or which appear to be ineligible or inconsistent with National Objectives, or which exhibit non-compliance with other pertinent State or Federal requirements should result in a finding. DHCD monitoring staff should also consider and be prepared to offer proposed remedies (including technical assistance) that will remove impediments to progress or non-compliance.

All such issues identified during the on-site review should be noted on the General Project Management & Record-keeping Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter of the Handbook.

C. GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING REQUIREMENTS

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
CITIZEN PARTICIPATION		
Citation: 24 CFR 570.486 (last revised on 11/9/92 and 10/22/96) specifies the citizen participation requirements for local government, including: providing reasonable and timely access to local meetings, information and records; providing technical assistance to groups representing local and moderate income persons in developing proposals; and providing citizens with at least two public hearings to learn about and comment on community development and housing needs, development of proposed activities, and a review of program performance.		
1. Does the grantee have a written Citizen Participation Plan that is being followed?	Yes No	
2. Is there evidence that the grantee conducted a minimum of two public hearing relative to community development and housing needs, proposed activities, and program performance? Dates of Public Hearings:_____	Yes No	Location of Public Hearings:_____
3. Is there evidence of citizen complaints related to any aspect of the grantee's CDBG project?	Yes No	
3.1 If yes, is there evidence that the grantee adequately resolved citizen complaints and did so on a timely basis?	Yes No	If "No", explain:
3.2 Was a responsible effort made to provide written responses to citizen complaints?	Yes No	If "No", explain:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
4. Did the grantee provide groups representing low and moderate income persons with access to technical assistance in developing proposals relative to the use of CDBG funds in the community?	Yes No	
5. Did the grantee respond to requests for information or records from citizens in writing, and in a timely manner?	Yes No	
6. Describe any other grantee efforts to actively solicit citizen input throughout project implementation.		

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
NATIONAL OBJECTIVES		
Citation: 24 CFR 570.483 (last revised on 11/9/92, 1/5/95, 4/6/95, and 10/2/96) provides criteria for the satisfaction of National Objectives. See also Exhibit A of Grant Agreement.		
1. Which National Objective has the grantee chosen to meet?		
Principal benefit to low and moderate income persons -- Area Benefit ☐		
Principal benefit to low and moderate income persons -- Limited Clientele ☐		
Principal benefit to low and moderate income persons -- Housing ☐		
Principal benefit to low and moderate income persons -- Job Creation/Retention ☐		
Activities which aid in the prevention or elimination of slums or blight – Area Basis ☐		
Activities which aid in the prevention or elimination of slums or blight – Spot Basis ☐		
Activities designed to meet community development needs having a particular urgency. ☐		

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
Note: The Reviewer should consult with the DHCD staff addressing the "programmatic" portion of the monitoring review (e.g., Chapter Eleven—Housing Rehabilitation, Chapter Twelve--Public Facilities/Infrastructure, or Chapter Thirteen—Economic Development) before completing questions #2 through #6. 2. Has the grantee documented how it is meeting the National Objective requirement? 2.1 Is the documentation valid and reliable?	 Yes No Yes No	Briefly describe the grantee's data sources:
3. For projects principally benefiting low and moderate income persons: 3.1 To date, what percentage of CDBG funds are providing a direct benefit to low and moderate income persons? _____% 3.2 To date, what percentage of CDBG funds are providing an indirect benefit to low and moderate income persons? _____% 3.3 (Where appropriate) How many new jobs were created or made available for low and moderate income persons? _____ 3.4 (Where appropriate) How many jobs were retained for low and moderate income persons? _____		Please explain the percentages/numbers that were entered in the first column:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
4. For projects that aid in the prevention or elimination of slums or blight: Does a visual inspection or other evidence (e.g., photographs, etc.) of the project area confirm the grantee's definition?	Yes No	Provide the grantee's definition of "slums and blight"
5. For projects designed to meet community development needs having a particular urgency: Is there valid evidence to support the grantee's contention that the project had a particular urgency?	Yes No	Describe the nature of the urgency:
6. Does it appear that the grantee will be able to satisfy the specified National Objective?	Yes No	If "No", explain:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
GENERAL PROJECT MANAGEMENT		
Citation: 24 CFR 570.501 (last revised 3/11/88 and 6/17/92) indicates grantees are responsible for ensuring that CDBG funds are used in compliance with all program requirements. The use of designated public agencies, contractors, or subrecipients does not relieve the grantee of this responsibility. 1. Is someone responsible for the day-to-day administration of the CDBG Project? If yes, list name and title: _____	Yes No	If "No", explain:
2. If the project is being administered by a subrecipient, has the appropriate third party contract/Subrecipient Agreement been executed?	Yes No	If "No", explain:
3. Does the person responsible for the CDBG project have appropriate authority to make and implement decisions?	Yes No	If "No", explain:
4. Does the project have the full local staff complement as proposed in the grant application and reflected in the Grant Agreement? Number of FTE staff:_____	Yes No	If "No", explain:
5. Has the grantee cleared any special conditions contained in the Grant Agreement?	Yes No	If "No", explain:
6. Based on a project site inspection, are project locations consistent with the areas described in the approved grantee application?	Yes No	If "No", explain:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
7. Based on a project site inspection, are the project and activities taking place consistent with what was described in the grantee application and authorized by the Grant Agreement?	Yes No	If "No", explain:
8. Based on a project site inspection and review of records, does it appear that CDBG funds are being spent on eligible activities? *Note: Before completing this question, the Reviewer should consult with the DHCD staff member conducting the Financial Management review (see Chapter Four).*	Yes No	If "No", explain:
9. Does it appear that the project will be completed on schedule?	Yes No	If "No", explain:
10. Does it appear that the project will be completed within budget?	Yes No	If "No", explain:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
GENERAL RECORD-KEEPING		
Citation: 24 CFR 570.490 and 24 CFR 570.506 (last revised 9/6/88, 10/21/88, 1/5/95, 11/9/95, 4/29/96, and 7/19/99). *Note: Prior to answering questions #1 and #3 which follow, the Reviewer should consult with the DHCD staff completing the monitoring reviews on Financial Management and on the other compliance areas described below.* 1. Does the grantee (or its designee) maintain accurate, complete and orderly records that fully describe each activity assisted with CDBG funds, including its location, the funds budgeted, obligated and expended, and the category of eligible activity being undertaken?	Yes No	If "No", explain:
2. Is there a records and reporting system in place that permits the grantee to assess project progress (including the progress of contractors and/or subrecipients, as relevant) in a timely way?	Yes No	If "No", explain:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?	Comments and Description of Documentation or Issues:
3. Does the grantee (or, where appropriate, its designee) maintain accurate, complete and orderly records that document compliance with relevant rules and regulations in the following areas?:		For any "No" response: please explain:
❑ Citizen Participation	Yes No	
❑ Financial Management (see Chapter Four)	Yes No	
❑ Procurement and Bonding (see Chapter Five)	Yes No	
❑ Acquisition, if relevant (see Chapter Six)	Yes No	
❑ Relocation, if relevant (see Chapter Seven)	Yes No	
❑ Property Management (see Chapter Eight)	Yes No	
❑ Fair Housing/EEO (see Chapter Nine)	Yes No	
❑ Labor Standards (see Chapter Ten)	Yes No	
❑ Subrecipient Monitoring, if relevant (see Chapter Fourteen)	Yes No	

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations?		Comments and Description of Documentation or Issues:
4. Does the grantee (or its designee) maintain its records in a secure location?	Yes	No	
Are these records easily accessible?	Yes	No	
Is the grantee aware of the period for which records must be retained (i.e., a minimum of 3 years after closeout of State's CDBG grant, unless audit issues or litigation require retention for a long period)?	Yes	No	
Does it appear that grantee is complying with retention requirement?	Yes	No	
ENVIRONMENTAL REVIEW RECORDS			
Citations: 24 CFR 58.47 regarding re-evaluation of environmental assessments and 24 CFR 58.38 regarding maintenance of the Environmental Review Record.	Yes	No	
1. Change in Project Scope: Has there been a change in the project scope since approval of the Request for Release of Funds (RROF) that necessitates an update to the Environmental Review? If "Yes", did the grantee follow the proper procedures to update its Environmental Review?	Yes	No	If "No", explain:
2. Maintenance of Records: Has the grantee maintained the Environmental Review Record (ERR) throughout the life of the project, with copies of notices, correspondence, the signed copy of the ROF, project descriptions, etc.?	Yes	No	If "No", explain:

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

Instructions to Monitoring Staff:
In the space below, please note any issues arising from the review. For any concerns or findings identified during the review, provide amplification as necessary, and specify any corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such action must be taken.

Issues/Concerns/Findings (and Relevant Citations):

_____

_____

_____

_____

_____

_____

_____

_____

Necessary Action Steps and/or Resolution (and Deadlines):

_____

_____

_____

_____

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_____

_____

_____

Overall, does the grantee (or its designee) exhibit adequate project management capacity?   Yes   No

Based on the materials reviewed, does the grantee (or its designee) maintain a record-keeping system that meets the relevant standards?   Yes   No

Maryland DHCD Staff Conducting Review: _____

Date Review Completed: _____